



STATE OF DELAWARE
OFFICE OF AUDITOR OF ACCOUNTS

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AUDITOR OF ACCOUNTS
April 15, 2003

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The Honorable Russell T. Larsen
Controller General
Office of the Controller General
Legislative Hall
411 Legislative Avenue
Dover, DE 19901

Dear Mr. Larsen:

The Office of Auditor of Accounts has completed its review of the Delaware Safety Council's Grant-In-Aid financial reporting. The following paragraphs detail the results of our review:

BACKGROUND

On June 26, 2002, the Office of the Controller General requested that the Office of Auditor of Accounts conduct an audit of the Delaware Safety Council (Council). This review was the result of a special request by two State Representatives. The allegation was that the Delaware Safety Council's grant – in – aid applications and the yearly audited financial statements had major discrepancies.

AUDIT SCOPE/METHODOLOGY

We interviewed the Council's Executive Director and Financial Assistant. We obtained and reviewed the Council's grant-in-aid applications for Fiscal Years (FY) 2000, 2001, 2002 and 2003 and the corresponding audited financial statements. We verified the reported amounts in the application to supporting documentation.

FUNDING REQUEST INSTRUCTIONS

As part of the Grant In Aid Funding Request package, instructions for completing the request are included. The instructions require the applicant, to provide a clear statement of the agency's purpose (goals and objectives); a concise description, the financing requirements and anticipated accomplishments for each program or service being offered and the resulting total agency projections of income and expenses. The agency must provide the original and one copy of the funding request and the audited financial statements. In the General Directions, applicants are

instructed that information for the prior year would be taken from the agency's audited financial statements.

REVIEW RESULTS

FY 2000 and FY 2001 Comparison of Applications to Audit Reports

Our review indicated the following:

For FY 2000 and FY2001, we found that financial data contained in the applications did not reflect actual audited financial data. The General Directions in the Funding Request specifically state prior year information should reflect audited data. We determined that these discrepancies were the result of the *financial assistant incorrectly using the projected figures on the application and not revising the figures to reflect the audited figures. Through a workshop put on by the Controller General's Office in September 2001, the Council's financial assistant was made aware of this discrepancy and this situation was remedied.* The next application following this workshop, the FY 2002 application, was reviewed and correct figures were reported.

FY 2002 and FY 2003 Comparison of Applications to Audit Reports

For FY2002 and FY2003, we found that the financial data did reflect actual audited financial data. We did note in the FY2002 application, that although the Council had noted an unrealized gain, the exact amount of this unrealized gain was not included. This amount should have been included in the reported figures next to the notation of the unrealized gain/loss. Again, the Controller General's Office notified the Council of the error in June 2002. The Council corrected the problem in the next application, the FY2003 application.

In closing, our review indicated that there were some reporting errors in the early applications submitted by the Delaware Safety Council. Once made aware of these discrepancies, the Delaware Safety Council took corrective action. There was no indication of fraud noted in the submission of these applications and/or the supporting documentation.

On April 1, 2003, representatives of the Office of Auditor of Accounts met with State Representatives Timothy U. Boulden and David H. Ennis to discuss the results of our review.

The Honorable Russell T. Larson

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Should you have any questions, please do not hesitate to contact Mr. Edward L. Watson, Field Audit Manager or me at 739-4241.

Sincerely yours,

OFFICE OF AUDITOR OF ACCOUNTS

R. Ronald Draper, CGFM
Chief Administrative Auditor

RRD:ELW:MKT

Case Number 2002-48

cc: The Honorable Timothy U. Boulden, Representative, House of Representatives
The Honorable David H. Ennis, Representative, House of Representatives
Ms. Frances M. West, President, Board of Directors, Delaware Safety Council
Mr. Harry L. Roosevelt, Executive Director, Delaware Safety Council